

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY, CALIFORNIA
AND RECORD OF ACTION**

56

June 24, 2003

FROM: **DAVID H. SLAUGHTER**, Director
Real Estate Services Department

ED KIECZYKOWSKI, County Librarian
Library

SUBJECT: **LEASE AGREEMENT WITH THE TOWN OF YUCCA VALLEY**

RECOMMENDATION: Approve a two-year lease agreement with the Town of Yucca Valley (Yucca Valley) for 8,252 square feet of space for the Library in Yucca Valley from February 1, 2003 to January 31, 2005 in the amount of \$48,000.

BACKGROUND INFORMATION: On January 24, 1972, the Board approved a Joint Powers Agreement between the County and the Yucca Valley Park and Recreation District (District), which created the Yucca Valley Community Center Authority (Authority). The Authority was authorized to issue bonds; to construct, maintain, and operate various community facilities; and to lease the facilities for public purposes such as a library, community center, and museum. Under the terms of the Joint Powers Agreement, the County agreed to pay its pro rata share of the bond payments for 30 years or until the bonds were paid in full. To meet its obligation, the County signed a thirty-year lease agreement on November 2, 1972 for 5,200 square feet of space constructed by the Authority for use as a library at 57098 Twenty-nine Palms Highway in Yucca Valley. In 1986, the lease was amended to include an additional 3,052 square feet for a total of 8,252 square feet of library space.

On November 2, 2002, the County completed its obligation to make payments. The bond obligations were paid in full, the lease terminated, and ownership of the facilities reverted from the Authority to the District, which had become a part of Yucca Valley in 1991. The Library desires to remain in this facility and requested Real Estate Services Department (RESA) negotiate a new lease agreement with Yucca Valley. The negotiations were only recently concluded because Yucca Valley and its attorney initially objected to a number of provisions in the County's lease document. As part of the agreement, it was negotiated that the County would pay rent commencing February 1, 2003. The terms of the new lease are summarized as follows:

Lessor:	Town of Yucca Valley
Location:	57098 Twenty-nine Palms Highway in Yucca Valley
Size:	8,252 square feet
Term:	Two years commencing, and retroactive to, February 1, 2003
Options:	Six two-year options to extend the term

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	<u>Cost per sq. ft. per month</u>	<u>Monthly</u>	<u>Annual</u>
Rent:	\$0.24 modified gross*	\$2,000	\$24,000
	*Low range for the Yucca Valley area		
Annual increases:	None		
Improvement costs:	None		
Custodial:	Provided by County		
Maintenance:	Provided by Lessor except County to maintain the fire extinguishers.		
Utilities:	Provided by Lessor		
Right to terminate:	County and Lessor have the right to terminate this lease with 180 days notice		
Parking:	Sufficient for County needs		

REVIEW BY OTHERS: This item has been reviewed by County Counsel (Rex Hinesley, Chief Deputy County Counsel) on May 2, 2003; Library (Rick Erickson, Assistant County Librarian) on June 6, 2003; and the County Administrative Office (Daniel R. Kopp and Tom Forster, Administrative Analysts) on June 16, 2003.

FINANCIAL IMPACT: The total cost of this two-year lease is \$48,000. The total cost in fiscal year 2002-03 will be \$10,000 (\$2,000 per month x five months). Payments will be made from the Rents budget (AAA RNT) and reimbursed from the Library budget (SAP CLB). Sufficient appropriation is available in both budgets. Approval of this item will not result in local cost. State budget impacts are not considered a major factor in the leasing decision because program expenditures are funded 100% by dedicated property tax revenues. Annual lease costs are as follows:

<u>Year</u>	<u>Annual lease cost</u>	<u>Estimate of other costs associated with this lease</u>
February 1, 2003 to January 31, 2004	\$24,000	\$9,600
February 1, 2004 to January 31, 2005	\$24,000	\$9,888

COST REDUCTION REVIEW: The County Administrative Office has reviewed this agenda item, concurs with the Library's and RESD's proposal, and recommends this action based on the Library's need to provide services in the Yucca Valley area. Lease payments are made from non-general fund sources. Funding is available, ongoing in nature, and not in imminent jeopardy of being cut at the state or federal level. The lease can be terminated by either party with 180 days notice.

SUPERVISORIAL DISTRICTS: Third

PRESENTER: David H. Slaughter, Director, 7-7813

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